ZIONS BANCORPORATION

CORPORATE COMPLIANCE
One South Main Street, Suite 500
Salt Lake City, Utah 84111
(801) 594-8487
FAX (801) 524-2277

July 29, 1999

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Docket No. 1170

Dear Ms. Johnson:

Thank you for providing us with the opportunity to comment on the proposed rule related to Regulation M published in the Federal Register on December 10, 2003.

Our institution is a 27+ billion-dollar bank holding company with banking offices located in Arizona, California, Colorado, Idaho, Nevada, New Mexico, Utah and Washington. Our affiliated banks engage in financial activities that will be directly affected by the proposed changes to the Regulation M disclosure rules.

The proposed rule adopts a universal definition of "clear and conspicuous" and a requirement that disclosures be "designed to call attention" and be "reasonably understandable". The proposed rule indicates that the purpose of the revision is to provide a uniform standard of "clear and conspicuous" among the board's regulations and references disclosure requirements under Regulation P as being the desired standard.

We believe that financial institutions have a good understanding of the current disclosure requirements under Regulation M and are doing a good job complying with those requirements. As a result of this belief, it is our opinion that the proposed changes are 1) unnecessary and unjustified; 2) are unclear and subject to interpretation; 3) do not provide sufficient guidance as to how the new standards are to be applied to specific disclosure requirements; 4) will result in substantial increased compliance costs; and 5) may result in increased litigation.

1. **Unnecessary and Unjustified –** the stated purpose of the proposed rules is to ensure consumers understand disclosures and to facilitate compliance yet the proposal does not include any specific examples or explanations relating to existing disclosures that are confusing or unclear for consumers. Currently, we are not aware of any current public outcries charging that current disclosures required by the subject regulation are confusing or unclear.

2. **Unclear and Subject to Interpretation –** terms used to describe "reasonably understandable" include "definite, concrete, everyday words".

   Terms used to describe "designed to call attention" include wide margins, ample line spacing, and boldface. In combined disclosures with other information, the disclosures are to use distinctive type size, style and graphic devices, such as shading or sidebars.

   Many institutions use a combined disclosure that includes multiple disclosures. Will the "designed to call

attention" requirements mean that the bolder Regulation M disclosures are more important resulting in a consumer's failure to read the other sections of the disclosure? If we increase the size of all disclosures to meet the recommended font size, that increases the size and cost of printing as discussed in item 4.

3. **Insufficient Guidance Pertaining to Specific Disclosure Requirements –** see examples outlined in 2. above. In addition, what effect will the new requirements have on the disclosures required on a periodic statement? Will disclosure of billing rights and the explanation of how to determine the balance subject to the financial charge that normally appear on the reverse side of a periodic statement now need to be double spaced and bold? Will the use of the reverse side of the statement to make these disclosures meet the requirements of the rule or will we be forced to add multiple single pages to a periodic statement?

   Do the proposed disclosure rules pertain to advertising and if so, what types of advertising and what are the specific requirements? For instance, must the disclosure contained in a 1/8th page ad be 12 pt type in order to meet the requirements? If so, this may make the cost of advertising prohibitive for many institutions and place them at a competitive disadvantage.

4. **Increased Compliance Costs –** the proposal states that the "clear and conspicuous" standard does not prohibit adding contract terms and explanations, state disclosures and translations to the required disclosures or sending promotional materials along with the disclosures but then goes on to say that doing so may be a factor in determining whether the "clear and conspicuous" standard is met. This statement is so open to interpretation that the industry would have little choice but to provide all segregated disclosures. The costs of doing this would increase the regulatory burden and drive up the cost of providing financial services to consumers.

   Financial institutions will have to review all current disclosures and determine whether or not they meet, based on their best interpretation, the new standards for bolder type, wider margins, line spacing, wording, etc. This review would most likely result in the redrafting and reprogramming of most current disclosures. This would be a very long, costly and unnecessary project that may ultimately make the disclosures even less helpful and more difficult to understand.

   The industry as a whole is still working on implementing CIP and the amended HMDA rules. In addition, implementation of the FACT Act and amended RESPA requirements (if published) will require tremendous compliance resources. Adoption of these proposed rules would place an unnecessary and unjustified burden on banks, especially smaller banks that may not have the extra compliance resources available that would be needed to implement these proposed rules.

5. **Increased Potential for Litigation -** the proposed rules are so subjective and open to interpretation that the industry as a whole will become an easy target for litigation, including class actions.

Again, thank you for providing us with an opportunity to comment on this proposed rule. If you have any questions concerning our comments, please contact Lisa Freberg at lfreberg@zionsbank.com.

Sincerely,

Lisa Freberg
Corporate Compliance Director